

July 28, 1993

To Our Retail Customers:

Effective with shipments to all our direct buying customers on Monday, August 9, 1993, the list prices for the following RJR brands will be reduced.

<u>Premium Brands</u>		<u>Discount Brands</u>
WINSTON	MORE	DORAL
SALEM	NOW	STERLING
CAMEL	CENTURY	MAGNA
VANTAGE		

IMPORTANT NOTE: Specially marked WINSTON \$4.00/\$.40 off product and other specially marked discount/sniped promotional product will not be further reduced as these already reflect a promotional price reduction. We will maintain current pricing on WINSTON \$4.00/\$.40 specially marked product while these promotional supplies last. Contact your cigarette supplier for availability and additional information. By maintaining your inventories on WINSTON \$4.00/\$.40 specially marked product and other specially marked product, you can continue to offer to your consumers a low price on these brands.

Our new pricing effectively creates two price tiers for our products, premium and discount. All brand styles within each pricing tier (regular/King/100/120) will be priced the same. We suggest that you consult with your cigarette supplier or chain headquarters for complete details of price changes that may have resulted from our announcement.

It is recommended that you sell through on-hand higher priced inventories prior to rolling back your retail prices to consumers. We also suggest you reset your price for all brand styles in the premium and discount categories at one time, thereby eliminating confusion for both store personnel and customers. Instead of trying to target a certain date, our objective is that you have maximum flexibility in resetting your prices as most appropriate for you based upon your store's inventory situation.

We will not offer a retail participation/inventory protection program. Each retailer is in the best position to tailor its pricing strategies to fit its particular inventory levels, and it would be extremely difficult for us to audit the inventory of over 300,000 retail outlets and offer a fair reconciliation of on-hand inventory.

During the week of August 2, 1993, you will receive rollback point-of-sale materials to use in communicating your new lower prices to your customers.

Thank you for your assistance in the marketing of our products.

R. J. Reynolds Tobacco Company

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